

## Message Text

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14

ACTION ARA-20

INFO OCT-01 ADP-00 COA-02 L-03 CIAE-00 DODE-00 INR-10

NSAE-00 PA-03 RSC-01 USIA-15 PRS-01 EB-11 COME-00

INT-08 OMB-01 AID-20 TRSE-00 AGR-20 RSR-01 /117 W

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R 312150Z AUG 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6887

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E.O. 11652: N/A

TAGS: EFIS, PE

SUBJ: NEW DECREE LAW ATTEMPTS CLARIFY STATUS FISHFOOD ASSETS  
OWNED BY NATIONALIZED FISHMEAL COMPANIES

REF: LIMA 2967 OF MAY 9

1. BY DECREE LAW 20132 OF AUGUST 28, PUBLISHED AUGUST 29, COUNCIL OF MINISTER OFFICIALLY AUTHORIZED PESCAPERU (STATE FISHMEAL ENTERPRISE) TO TRANSFER VALUE OF ASSETS AND LIABILITIES RELATED TO PRODUCTION OF FISHFOOD OF THE NATIONALIZED FISHMEAL COMPANIES TO FORMER SHAREHOLDERS. DECREE LAW ALSO STATES THAT VALUE OF ASSETS AND LIABILITIES WILL BE BOOK VALUE AND THAT PESCAPERU WILL NOT USE THE VALUE OF THEIR SHARES IN COMPUTING THE WORTH OF THE COMPANIES. (IF COMPANIES' SHARES USED AS BENCHMARK, THEN COMPLICATED EVALUATION PROCEDURES OUTLINED LIMA 4932 WOULD COME INTO PLAY, THUS DELAYING FINAL DECISION ON FISHFOOD EVALUATION.)

2. REFTTEL NOTED THAT NATIONALIZATION OPENED PANDORA'S BOX OF PERSONAL AND LEGAL DIFFICULTIES PARTICULARLY FOR COISHCO MANAGEMENT BECAUSE THEIR FISHFOOD AND FISHMEAL OPERATIONS INTEGRATED. CHECK WITH LOCAL REPRESENTATIVE (NOW OPERATING OFFICIAL FOR PESCAPERU SINCE COMPANY TAKEN OVER AUGUST 15) INDICATES THAT COISCHO MANAGEMENT AT FIRST WELCOMED DECREE LAW

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WHICH THEY THOUGHT CLARIFIED STATUS OF THEIR PHYSICAL ASSETS,

INVENTORIES, AND CASH INVOLVED IN FISHFOOD OPERATIONS WHICH PESCAPERU WOULD MERELY TURN OVER TO THEM. HOWEVER, PESCAPERU OFFICIALS HAVE SO FAR DECLINED TO AGREE WITH COISCHO'S INTERPRETATION OF THIS NEW DECREE, AND "INVOLVED" DISCUSSIONS CURRENTLY UNDERWAY BETWEEN TWO PARTIES. COISCHO HOPES PESCAPERU WILL AGREE TO REASONABLE SETTLEMENT THIS ISSUE WITHIN NEXT FEW DAYS, BUT PREDICTS HARD BARGAINING BEFORE MATTER SETTLED. REPRESENTATIVE DECLINED SPECIFY EXACT NATURE OF DIFFICULTIES, BUT IMPLIED PESCAPERU WANTS LOWER EVALUATION FIGURES THAN COMPANIES WILL ACCEPT. IN PASSING, COISCHO REPRESENTATIVE SAID THAT SEPARATION OF FISHFOOD FROM FISHMEAL OPERATIONS NOT AS COMPLEX AS EMBASSY REPORTED EARLIER, IN LIMA 2957, SINCE IN CASE OF ILO AND PIATA OPERATIONS, FISHFOOD IS COMPLETELY SEPARATE FROM FISHMEAL. AT CHIMBOTE PLANT, HOWEVER, OPERATIONS ARE INTEGRATED.

4. COMMENT: EMBASSY INCLINED TO AGREE WITH COISCHO THAT, AT LEAST ON SURFACE, DECREE LAW DESIGNED MAKE EXPLICIT WHAT WAS IMPLIED IN ORIGINAL NATIONALIZATION DECREES. TIMING OF DECREE PROBABLY RELATED TO FACT THAT PESCAPERU NOW MOVING AHEAD (LIMA 5948) WITH ABSORPTION OF COMPANIES AND WISHES TO CLARIFY STATUS AND VALUE OF FISHFOOD AS OPPOSED TO FISHMEAL ASSETS AND LIABILITIES. PESCAPERU RELUCTANCE REACH EARLIER ACCORD MAY MERELY INVOLVE BUREAUCRATIC DELAY AS PROCESS GOES FORWARD, OR COULD INDICATE THAT MINFISH WISHES PRESSURE FISHFOOD CONCERNS TO AGREE TO LOWER VALUE THAN THAT INDICATED ON THEIR BOOKS. WILL REPORT FURTHER AS INFO AVAILABLE.

5. POUCHING DECREE LAW.  
BARNEBEY

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